

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 CU-02

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 4542

INFO AMEMBASSY BOGOTA

AMCONSUL CURACAO

USCINCSO QUARRY HEIGHTS

CINCLANT NORFOLK VA

C O N F I D E N T I A L SECTION 1 OF 2 CARACAS 10395

E.O. 11652: GDS

TAGS: PFOR, PINT, PINS, EFIN, ETRD, OVIP, VE

SUBJECT: THIS WEEK IN VENEZUELA

REF: CARACAS 10127 (NOTAL)

SUMMARY. THE SUPREME COURT REBUFFED THE GOV IN RULING THAT THE ARRESTS OF DEPUTIES HERRERA AND MESA HAD BEEN UNCONSTITUTIONAL. CONGRESS' STANDING COMMITTEE FOUND THERE WAS SUFFICIENT EVIDENCE IMPLICATING THE TWO DEPUTIES IN THE NIEHOUS KIDNAPPING AND VOTED TO LIFT THEIR IMMUNITY. EXCESS OF CANDOR BY VISITING STAG LECTURER RESULTS IN HIGHLY UNFAVORABLE PRESS COVERAGE. THE GOV HAS ACCEPTED INCREASED OFFERS OF MILITARY TRAINING ASSISTANCE FROM OTHER GOVERNMENTS FOLLOWING OUR CURTAILMENT OF IMET FUNDS. HIGH-LEVEL NETHERLANDS ANTILLES DELEGATION DISCUSSES INCREASED COMMERCIAL AND TOURISM CONTACTS WITH GOV. IMPORT RESTRICTIONS MAY LOOM ON VENEZUELAN HORIZON. KEY PERSONNEL CHANGES IN IMPORTANT GOV AGRICULTURAL INSTITUTIONS. VENEZUELAN-CUBAN BANKING AGREEMENT PROVIDES BS. 10 MILLION LINE OF CREDIT. COPEI ATTACK ON PERFORMANCE OF PEREZ ADMINISTRATION ENCOUNTERS AD INDIFFERENCE. END SUMMARY.

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1. SUPREME COURT REBUFFS GOV; CONGRESS LIFTS DEPUTIES' IMMUNITY.

IN A PRECEDENT-MAKING DECISION THE VENEZUELAN SUPREME COURT RULED AUGUST 25 THAT THE GOV HAD ACTED UNCONSTITUTIONALLY IN ARRESTING DEPUTIES FORTUNATO HERRERA AND SALOM MESA, ALLEGED ACCOMPLICES IN THE NIEHOUS KIDNAPPING CASE, WITHOUT LIFTING THEIR PARLIAMENTARY IMMUNITY. THE COURT ALSO DECIDED THAT THERE WAS SUFFICIENT EVIDENCE TO PROCEED WITH THE CASES AGAINST THE DEPUTIES, ASKED CONGRESS TO LIFT THE DEPUTIES' IMMUNITY, AND RULED THAT THE MILITARY COURTS HAVE JURISDICTION BECAUSE THE CASES INVOLVE SEDITION. THE COURT THUS CLARIFIED AND STRENGTHENED CONSTITUTIONAL PROVISIONS RELATING TO PARLIAMENTARY IMMUNITY, ESPECIALLY IN CASES OF LEGISLATORS ACCUSED OF CRIMES UNDER THE MILITARY CODE. MOST PARTY LEADERS ISSUED STATEMENTS WELCOMING THE COURT'S DECISION, BUT MESA'S MEP PARTY ACCUSED THE COURT OF SUCCUMBING TO PRESSURE FROM PRESIDENT PEREZ. ACTING SWIFTLY, CONGRESS' STANDING COMMITTEE DECIDED AUGUST 26 THAT THERE WAS SUFFICIENT EVIDENCE TO BRING THE TWO DEPUTIES TO TRIAL AND VOTED TO LIFT THEIR IMMUNITY. THE COMMITTEE VOTED 20 TO 3 TO LIFT HERRERA'S IMMUNITY BUT DIVIDED ALMOST EQUALLY, 12 TO 11, IN DECIDING TO LIFT MESA'S IMMUNITY. THERE HAS BEEN NO FURTHER NEWS OF KIDNAP VICTIM WILLIAM NIEHOUS THIS WEEK. THE EMBASSY IS AWARE OF TWO COMMUNIQUE S SINCE THE DEATH OF LEFTIST LEADER JORGE RODRIGUEZ ALLEGEDLY FROM THE GROUP HOLDING NIEHOUS CAPTIVE, BUT THE AUTHENTICITY OF THESE COMMUNIQUE S HAS NOT YET BEEN DETERMINED.

2. RIORDAN ROETT - LESSONS IN CANDOR. HIGHLY UNFAVORABLE PRESS COVERAGE RESULTED FROM A PRESS CONFERENCE GIVEN AUGUST 23 BY VISITING STAG LECTURER RIORDAN ROETT, DIRECTOR OF LATIN AMERICAN STUDIES AT JOHNS HOPKINS UNIVERSITY, AND MAY HAVE DAMAGED CHANCES FOR ROETT'S FUTURE COLLABORATION WITH VENEZUELAN ACADEMIC INSTITUTIONS WHERE GOV FUNDS ARE INVOLVED. DURING THE PRESS SESSION ROETT CANDIDLY ESPOUSED THE THEORY THAT LATIN AMERICA HAS REACHED THE STAGE WHERE AUTHORITARIAN RULE IS NECESSARY AND INEVITABLE FOR ECONOMIC DEVELOPMENT. HE WENT ON TO ASSERT THAT LATIN AMERICA IS MARGINAL IN THE POLICIES OF FORD AND CARTER, BRAZIL'S POWER IN LATIN AMERICA IS IN ASEN DANCY, VENEZUELA WILL FIND ITS ROLE IN LATIN AMERICA INCREASINGLY DIFFICULT, CUBA HAS MADE GREAT SOCIAL AND ECONOMIC PROGRESS UNDER CASTRO, AND VENEZUELA AND COLOMBIA WILL SUCCUMB TO

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AUTHORITARIANISM IF PLANNING AND DEVELOPMENT FAIL. THE PRESS GAVE ROETT'S COMMENTS FULL-BLOWN COVERAGE RESULTING IN CALLS FROM VICE MINISTER OF THE INTERIOR, MARCO TULIO BRUNI CELLI, ASKING FOR A TAPE OF THE PRESS CONFERENCE AND INDICATING HIS PERSONAL DISTASTE FOR ROETT'S THEORIES. TWO PAPERS SUBSEQUENTLY RAN FOLLOW-UP STATEMENTS BY VARIOUS POLITICAL LEADERS REFUTING THE IDEA THAT AUTHORITARIANISM IS INEVITABLE IN LATIN AMERICA.

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3. PROFESSIONAL AND TECHNICAL MILITARY TRAINING-NEW DIRECTIONS. THE SUDDEN AND UNEXPECTED CURTAILMENT OF FY 76 IMET, THE LATE AND GREATLY REDUCED RECEIPT OF TRANSITIONAL QUARTER FUNDS, AND THE PROBABILITY OF ZERO 1977 ALLOCATIONS HAVE PLACED THE VENEZUELAN ARMED FORCES IN A QUANDARY FOR THE REMAINDER OF CY 76 AND ALL OF 1977. GOV BUDGETARY PLANNING FOR 1977 TRAINING REQUIREMENTS WERE COMPLETED PRIOR TO THE CURTAILMENT OF IMET FUNDS. AS A RESULT FRANCE, CANADA, ITALY, AND ARGENTINA HAVE GREATLY INCREASED THEIR OFFERS OF TRAINING ASSISTANCE TO FILL THE VOID. THE VENEZUELAN MILITARY INTERPRET U.S. ACTIONS TO BE UNILATERAL AND PATERNALISTIC AND APPEAR TO BE MORE THAN WILLING TO SOLICIT AND ACCEPT THE ASSISTANCE OF OTHER GOVERNMENTS.

4. DUTCH ANTILLES DELEGATION VISITS VENEZUELA. MINISTER-PRESIDENT JUAN EVERTSZ OF THE NETHERLANDS ANTILLES ACCOMPANIED BY GNA FINANCE MINISTER MAX CROES AND TRANSPORTATION MINISTER ERNESTO VOGES MADE AN OFFICIAL VISIT TO VENEZUELA AUGUST 23-27. DURING THEIR STAY HERE THE GNA DELEGATION MET WITH PRESIDENT PEREZ, FOREIGN MINISTER ESCOVAR, COMMUNICATIONS MINISTER SUCRE, AND OTHER HIGH GOV OFFICIALS. AMONG THE TOPICS COVERED IN THE BILATERAL TALKS WERE POSSIBLE JOINT DEVELOPMENT PROGRAMS, THE
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LAYING OF SUBMARINE CABLES AND PIPELINES BETWEEN VENEZUELA, CURACAO, AND ARUBA TO FACILITATE THE FUTURE PURCHASE OF VENEZUELAN ELECTRICITY AND WATER, AND EXPANDED AIR SERVICE BETWEEN VENEZUELA AND THE DUTCH COLONY. EVERTSZ AND HIS PARTY ALSO PAID A ONE-DAY VISIT TO BOLIVAR STATE WHERE THEY VIEWED THE GUAYANA IRON AND STEEL COMPLEX AND THE CARONI ALUMINUM WORKS.

5. IMPORT RESTRICTIONS MAY LOOM ON VENEZUELAN HORIZON. THE GOV IS REPORTEDLY STUDYING A SERIES OF MEASURES TO RESTRICT THE VOLUME OF IMPORTS INTO VENEZUELA. CREDIT RESTRICTIONS AND A "BUY VENEZUELAN" DECREE MIGHT BE INCLUDED IN A GOV PROGRAM TO CURTAIL IMPORTS AS A RESULT OF A RATE OF INCREASE THAT REACHED 48 PERCENT IN 1974. THE CURRENT CENTRAL BANK ESTIMATE IS THAT THE 1976

CIF IMPORT FIGURE WILL TOP \$7 BILLION, WELL OVER THE \$6.131 BILLION SCHEDULED IN PLAN V, AND MAY GIVE ADDED IMPETUS TO THE GOV'S SEARCH FOR A POLITICALLY VIABLE SOLUTION TO THE PROBLEM.

6. SHIFTS OF KEY AGRICULTURAL PERSONNEL. GEN. GISELO PAYARES HAS BEEN NAMED TO REPLACE DR. HORST WELCKER QUEVEDO AS PRESIDENT OF THE AGRICULTURAL MARKETING CORPORATION (CMA), AND WELCKER HAS BEEN SHIFTED TO THE PRESIDENCY OF THE AGRICULTURAL CREDIT FUND (FONDO). THE CMA IS A STATE TRADING AGENCY RESPONSIBLE FOR PURCHASING MOST OF VENEZUELA'S MAJOR FOOD IMPORT NEEDS (ABOUT \$300 MILLION OF WHICH ARE U.S. AGRICULTURAL COMMODITIES). THE FONDO IS PRIMARILY RESPONSIBLE FOR MANAGING LONG-TERM AGRICULTURAL CREDIT PROGRAMS WHICH AMOUNTED TO ABOUT \$500 MILLION LAST YEAR.

7. VENEZUELAN-CUBAN BANKING AGREEMENT. THE CENTRAL BANKS OF VENEZUELA AND CUBA SIGNED AN AGREEMENT AUGUST 20 PROVIDING FOR A BS. 10 MILLION (\$2.3 MILLION) LINE OF RECIPROCAL CREDIT. THE AGREEMENT IS SAID TO BE SIMILAR TO THOSE ALREADY IN FORCE BETWEEN VENEZUELA AND VARIOUS LAFTA MEMBERS THAT ARE INTENDED TO INCREASE TRADE BY CHANNELING FINANCING TRANSACTIONS THROUGH THE RESPECTIVE CENTRAL BANKS.

8. COPEI/AD SPIN WHEELS. FOLLOWING A WEEKEND STRATEGY SESSION, THE COPEI NATIONAL COMMITTEE ISSUED A LENGTHY STATEMENT AUGUST 22 IN WHICH IT LABELED THE PEREZ ADMINISTRATION AS A FAILURE, ACCUSED AD OF FAILING TO KEEP ITS 1973 CAMPAIGN PROMISES, WHICH IN TURN HAD CREATED A LACK OF TRUST. COPEI MOREOVER
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ACCUSED THE GOV OF WASTEFUL EXPENDITURES AND INATTENTION TO AGRICULTURAL DEVELOPMENT. AD RELEASED A BRIEF REJOINDER

AUGUST 24 CHARGING COPEI WITH DISRESPECT FOR THE DEMOCRATIC
SYSTEM AND PERFORMING AN IRRESPONSIBLE ANALYSIS
OF PRESIDENT PEREZ'S PROGRAM THAT DID NOT MERIT A REPLY.
ANXIOUS TO HAVE THE LAST WORD, COPEI THEN ACCUSED AD OF
IRRESPONSIBILITY AND CLAIMED THAT AD'S FAILURE TO REPLY TO ITS
CHARGES SHOWED THAT AD HAD NO ARGUMENTS WITH WHICH TO DEFEND
THE PEREZ ADMINISTRATION.
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